

Message Text

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PAGE 01 EC BRU 10095 202201Z

63

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

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AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: EGEN, ETRD, EEC, AS

SUBJECT: WHITLAM TALKS WITH EC COMMISSION

REF: EC BRUSSELS 10050

1. SUMMARY: WHITLAM'S DISCUSSIONS WITH THE COMMISSION WERE VERY CORDIAL BUT THE TWO SIDES REMAINED QUITE FAR APART ON ISSUES SUCH AS BEEF, URANIUM PURCHASES, AND EXPORT RESTRICTIONS. WHITLAM DID EXTRACT A PREDICATION FROM THE COMMISSION THAT EC BEEF IMPORTS MIGHT RE-COMMENCE IN THE LATTER HALF OF 1975 AND BE BACK TO NORMAL IN 1976. THE TWO SIDES ALSO AGREED THAT OFFICIAL-LEVEL CONSULTATIONS SHOULD TAKE PLACE ANNUALLY. END SUMMARY.

2. ON DEC. 17 AUSTRALIAN PRIME MINISTER WHITLAM PAID A COURTESY CALL ON EC COMMISSION PRESIDENT ORTOLI, WAS THE COMMISSION'S GUEST FOR LUNCH, HAD A PRIVATE TALK
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PAGE 02 EC BRU 10095 202201Z

WITH COMMISSION VICE PRESIDENT SOAMES, AND THEN TOOK

PART IN A THREE-HOUR MEETING WITH A LARGER CASE OF CHARACTERS, INCLUDING, ON THE COMMISSION SIDE, SOAMES, CHEYSSON, AND RABOT. THIS MESSAGE IS BASED ON A DISCUSSION WITH FIELDING, THE EC COMMISSION DIRECTOR RESPONSIBLE FOR RELATIONS WITH AUSTRALIA.

3. FIELDING DESCRIBES WHITLAM AS OVERFLOWING WITH COMPLIMENTARY REMARKS ABOUT THE COMMUNITY AND STRESSING THE IMPORTANCE FOR AUSTRALIA OF GOOD RELATIONS WITH THE EC.

4. FIVE SUBJECTS WERE DISCUSSED AT SOME LENGTH: THE WORLD ECONOMY; ENERGY; AGRICULTURE; DEVELOPMENT; AND THE MTNS.

5. WORLD ECONOMY: THIS SUBJECT WAS DISCUSSED BY SOAMES AND WHITLAM IN THEIR PRIVATE TALK. THEY NOTED THE PROBLEM OF "STAGFLATION" AND BEMOANED THE LACK OF CLARITY EVEN OF ECONOMISTS AS TO SOLUTIONS. BUT THEY WERE CLEAR ON THE NEED TO MAINTAIN THE FLOW OF TRADE AND AVOID PROTECTIONISM.

6. ENERGY: THE COMMISSION STATED ITS ESTIMATED ENERGY REQUIREMENTS THROUGH 1985 AND EXPRESSED INTEREST IN ACQUIRING UNPROCESSED URANIUM FROM AUSTRALIA. (TWO YEARS AGO THE WHITLAM GOVERNMENT PUT A HOLD ON NEW EXPORT CONTRACTS.) THE AUSTRALIANS NOTED THAT THEY VIEWED THEIR URANIUM RESOURCES AS A GREAT ASSET ONLY TO BE SOLD FOR THE RIGHT PRICE. THEY REJECTED ANY "COST-PLUS" FORMULA FOR SUCH PRICE. THEY STATED THEIR INTEREST IN GETTING INTO URANIUM ENRICHMENT AND THEIR DESIRE TO EXPORT ENRICHED RATHER THAN UNPROCESSED URANIUM. THEY WANTED TO TALK ABOUT URANIUM SALES TO THE EC ONLY WHEN THE EC WAS READY TO ADDRESS THE "TOTALITY" OF THE SUBJECT, I.E. INDICATE WHETHER IT WOULD BE INTERESTED IN BUYING ENRICHED URANIUM, AND WHETHER IT WOULD HELP AUSTRALIA DEVELOP ITS ENRICHMENT CAPABILITY. THE COMMISSION RESPONDED THAT AUSTRALIA WOULD HAVE TO ADDRESS ITSELF TO FRANCE OR THE "TROIKA" REGARDING ENRICHMENT TECHNOLOGY. IT WAS POSSIBLE THAT LIMITED OFFICIAL USE

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PAGE 03 EC BRU 10095 202201Z

THE EC WOULD BE INTERESTED IN PURCHASING AUSTRALIAN ENRICHED URANIUM, BUT THE EC COULD NOT WAIT UNTIL 1982 FOR AUSTRALIA'S RAW URANIUM. THE AUSTRALIANS DID NOT MAKE ANY CLEAR REPLY.

7. AGRICULTURE: THE AUSTRALIANS COMPLAINED THAT EC AND JAPANESE BEEF IMPORT RESTRICTIONS HAD REDUCED AUSTRALIAN FARMER REVENUES BY 50 PERCENT. SOAMES

SAID HE DEPLORED THE NEED FOR THE EC'S RESTRICTIONS AND HOPED TO GET RID OF THEM AS SOON AS POSSIBLE. WITH LUCK IN 1976 THE SITUATION WOULD BE BACK TO NORMAL. THE EC MIGHT EVEN ALLOW SOME IMPORTS IN THE LATTER HALF OF 1975. IN A DISCUSSION OF SUGAR, THE AUSTRALIANS NOTED THAT ONLY LONG-TERM EXPORT CONTRACTS WOULD JUSTIFY THE COST OF OPENING UP NEW GROWING AREAS.

8. DEVELOPMENT: CHEYSSON GAVE A LENGTHY PRESENTATION ON EC AID POLICY, PARTICULARLY VIS-A-VIS LDCS OF THE PACIFIC AND SOUTHEAST ASIA. BOTH SIDES, AFTER COMPLIMENTING EACH OTHER'S AID ACTIVITY, DISCUSSED THE PROSPECT OF PAPUA-NEW GUINEA BECOMING AN ASSOCIATE OF THE EC. THE COMMISSION SIDE SAID A DECISION WOULD HAVE TO AWAIT A REQUEST FROM PAPUA-NEW GUINEA AND REQUIRE CONSULTATION WITH MEMBER STATES AND ASSOCIATES.

9. MTNS: THE COMMISSION NOTED THAT AUSTRALIA HAS HIGH TARIFFS, ONLY ONE-FIFTH OF WHICH ARE BOUND, PLUS NTBS. THE COMMISSION STRESSED THE IMPORTANCE OF DEALING WITH EXPORT RESTRICTIONS IN THE MTNS. THE AUSTRALIANS SAID THEY DIDN'T SEE HOW EXPORT RESTRICTIONS COULD BE TAKLED IN THE MTNS; ARGUED THAT THEIR OWN RESTRICTIONS AIMED NOT AT RESTRICTING EXPORT VOLUMES BUT BOOSTING PRICES; AND SAID EXPORT RESTRICTIONS WERE, FOR CONSTITUTIONAL REASONS, AUSTRALIA'S ONLY MEANS OF RAISING PRIES.

10. FUTURE TALKS: THE COMMISSION SIDE REMINDED THE AUSTRALIANS THAT SOAMES HAD, WHEN IN AUSTRALIA IN SEPTEMBER, SUGGESTED ANNUAL OFFICIAL-LEVEL CONSULTATIONS. IT WAS AGREED THAT THE FIRST ROUND LIMITED OFFICIAL USE

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PAGE 04 EC BRU 10095 202201Z

(THE WHITLAM VISIT BEING OF A DIFFERENT ORDER) WOULD TAKE PLACE IN BRUSSELS IN JUNE 1975.GREENWALD

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